

## Department of Planning and Budget 2023 Fiscal Impact Statement

1. **Bill Number:** HB1781

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** O'Quinn

3. **Committee:** Agriculture, Chesapeake and Natural Resources

4. **Title:** Southwest Virginia Energy Research and Development Authority; powers and duties.

5. **Summary** Provides that the Southwest Virginia Energy Research and Development Authority (the Authority) has the power and duty to (i) support energy development projects, including pump storage hydropower, energy storage, hydrogen production and uses, carbon capture and storage, geothermal energy, advanced wind and solar energy, and advanced reactors and advanced nuclear technologies; (ii) promote energy development projects on closed power plant sites, brownfield sites, former coal mine sites, reclaimed coal mine sites, abandoned mine sites lands, and lands adjacent thereto; (iii) promote energy workforce development and energy supply chain development, including the development of a manufacturing supply chain cluster for small modular reactors, advanced reactors, and advanced nuclear technologies; (iv) identify and work with, through mutually agreed collaborations, the Commonwealth's research and development partners, in advancing efforts related to energy development in Southwest Virginia; and (v) promote the capture and beneficial use of coal mine methane from active, inactive, and abandoned coal mines as a low-carbon intensity feedstock for manufacturing and energy generation projects located in Southwest Virginia.

The bill defines "energy development project" as any activity that generates, produces, or stores energy, any energy efficiency system, and any supporting ancillary activities located within Southwest Virginia and includes interests in land, improvements, and ancillary facilities and research, development, commercialization, and deployment activities designated by the Authority to the nonprofit collaborative. The bill defines "nonprofit collaborative" as a multi-site nonprofit innovative energy technology testbed established as a collaborative effort of the Department of Energy, the Authority, and the Authority's business partners to support the Authority's purpose through energy technology research, development, commercialization, and deployment.

The bill requires the Department of Energy (the Department), in consultation with the Department of Environmental Quality and the Authority, to evaluate actions needed to further develop and encourage private sector initiatives to capture, process, compress, and transport

coal mine methane to better meet the Commonwealth's energy supply and manufacturing needs and improve air quality. The bill requires the Department and the Department of Environmental Quality to collaborate with the U.S. Environmental Protection Agency (EPA) on ways to coordinate the Commonwealth's efforts to further encourage the capture, processing, compression, and transport of coal mine methane with federal efforts, especially via the EPA's Coalbed Methane Outreach Program. The bill requires the Department to report its findings and any recommendations to the Governor and the Chairmen of the House Committees on Agriculture, Chesapeake and Natural Resources and Commerce and Energy and the Senate Committees on Agriculture, Conservation and Natural Resources and Commerce and Labor by November 1, 2023.

**6. Budget Amendment Necessary:** Yes, Item 121, HB1400/SB800, as introduced

**7. Fiscal Impact Estimates:** Preliminary. See item 8.

**7a. Expenditure Impact:** Department of Energy (409)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	N/A	N/A	N/A
2024	\$250,000	N/A	General fund

**8. Fiscal Implications:** It is anticipated that this bill will have a one-time general fund expenditure impact on the Department of Energy (DOEN). The bill requires that the DOEN, in consultation with the Department of Environmental Quality (DEQ) and the Southwest Virginia Energy Research and Development Authority, evaluate actions needed to develop private sector initiatives to capture, process, compress, and transport coal mine methane, including the current impediments to coal mine methane qualifying for carbon offset markets and the environmental benefits of the capture and use of coal mine methane.

The bill allows DOEN to retain a consultant to assist in its evaluation. DOEN anticipates that \$250,000 from the general fund in FY 2024 will be necessary, as the agency does not have the expertise on staff to complete the assessment and report on emerging carbon offset markets.

It is anticipated that any fiscal impact on DEQ as a result of this bill can be absorbed within existing resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality; Department of Energy; Southwest Virginia Energy Research and Development Authority

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is a companion to SB1116.